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FISCAL IMPACT STATEMENT

LS 6618

BILL NUMBER: HB 1105

NOTE PREPARED: Jan 30, 2008

BILL AMENDED: Jan 29, 2008

SUBJECT: Various Public Safety Matters.

FIRST AUTHOR: Rep. Tincher

FIRST SPONSOR: Sen. Bray

BILL STATUS: As Passed House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This has the following provisions.

Conservation Officer Retirement- The bill: (1) increases to 65 years of age (from 60 years of age) the mandatory retirement age for a participant in the Excise Police, Gaming Agent, and Conservation Enforcement Officers' Retirement Plan (Plan); (2) caps the plan's annual retirement allowance at 75% of the participant's average annual salary; (3) establishes a Deferred Retirement Option Plan (DROP) for plan participants;

Law Enforcement Basic Training- The bill requires a law enforcement officer who: (1) has less than 25 years experience as a law enforcement officer; and (2) has not been employed as a law enforcement officer in the 10 years before being hired as a law enforcement officer; to repeat the full basic training course in order to regain law enforcement powers. The bill provides that a law enforcement officer who has at least 25 years experience as a law enforcement officer is not required to repeat the full basic training course but is required to attend a refresher course and a pre-basic training course to regain law enforcement powers.

Transfer of Property- The bill provides that a governmental body may transfer property to the board of fire trustees of a fire protection district or the provider unit of a fire protection territory under the same circumstances that property may be transferred to a volunteer fire department;

Transfer of Funds- The bill provides that a participating unit in a fire protection territory may transfer any money belonging to the participating unit to the fire protection territory fund, the fire protection territory equipment replacement fund, or both funds. The bill legalizes any transfer of money from a participating unit to a fire protection territory before July 1, 2008.

Return of Transferred Property- The bill provides that when a fire protection territory dissolves, title to any real property transferred to the provider unit reverts to the participating unit that transferred the real property to the provider unit.

Effective Date: (Amended) Upon passage; July 1, 2008.

Explanation of State Expenditures: (Revised) *Conservation Officer Retirement:* This bill (1) increases to 65 years of age (from 60 years of age) the mandatory retirement age for a participant in the Excise Police, Gaming Agent, and Conservation Enforcement Officers' Retirement Plan; (2) caps the plan's annual retirement allowance at 75% of the participant's average annual salary; and (3) establishes a Deferred Retirement Option Plan (DROP) for plan participants. These parts will have the following impact.

Parts (1) and (2) would reduce costs because (A) there is a longer time over which to fund benefits, (B) benefits would be limited whereas they are not currently, and (C) retirements prior to age 65 (assuming a participant is not eligible for either the age 50 with 25 years of retirement or the Rule of 85 retirement) would be smaller since the retirement reduction factor would be larger.

The bill results in a decrease in unfunded accrued liability requiring decreased annual funding and resulting in an increase in the funded status of the Excise Plan as shown in the following table.

Change In Unfunded Accrued Liability	(\$4.09 M)
Change in Annual Funding (in dollars)	(\$510,000)
Change in Annual Funding (as % of pay)	(3.00%)
Increase in Funded Status	From 77.1% to 81.6%

(3) Establishing the DROP for plan participants is actuarially cost neutral because the participants sacrifice credited service while in the DROP, participants must continue making contributions while in the DROP, and the employer must continue to fund for participants in the DROP.

The Public Employees' Retirement Fund, administrators of the Excise Police, Gaming Agent, and Conservation Enforcement Officers' Retirement Plan, has estimated administrative costs for implementation of this proposal at \$100,000. The fund affected is the PERF administrative fund.

Law Enforcement Basic Training- If more law enforcement officers had to take a refresher course in lieu of re-taking an entire basic training course, there could be a net savings to state expenditures. However, the actual impact would depend on the number of persons attending refresher courses under the bill. The bill does not provide an appropriation. Therefore, any additional training would have to be carried out within the existing budgeted resources of the state Law Enforcement Training Academy (LETA).

Background Information- The LETA will receive budgeted appropriations totaling \$8.8 M during the current biennium. Appropriations are from the state General Fund and dedicated traffic court fee revenues. The LETA estimates a cost per student of \$6,435 to attend the LETA, which includes meals, lodging, ammunition, and other training costs. Approximately 400 to 450 recruits attend the basic law enforcement course at the LETA each year.

Explanation of State Revenues:

Explanation of Local Expenditures: *Law Enforcement Basic Training-* Board-certified training centers, such as the Indianapolis Metropolitan Police Department facility, may experience a net savings in expenditures if additional officers were only required to have a refresher course instead of retaking the basic training course. Any additional training under this provision would have to be carried out within existing resources. The specific impact to local expenditures would depend on the facility and the number of additional officers that are trained.

Transfer of Property- Any local government entity with the ability to sue or be sued would be allowed to sell or transfer real, tangible, or intangible property, licenses, or interests therein to a fire protection district or territory. (Under current law, such sales or transfers as these are allowed to volunteer fire departments.)

The bill would permit a sale or transfer to occur without meeting the requirements for the transfer of real property by a political subdivision under current law. The current requirements to complete the sale or transfer of real property are receiving appraisals, publishing notices describing the conditions of, and engaging in a bid process on the real property to be sold or transferred. The impact to local expenditures would depend on the number of transfers of property, licenses, or interests made by local government entities.

(Revised) *Transfer of Funds-* Units transferring money to a fire protection territory fund or a fire protection territory equipment fund would not be able to expend that money for other governmental purposes. In order to make a transfer to either fund, a unit would have to pass either an ordinance or resolution.

Background- As of December 21, 2007, in 89 out of 92 counties, there were 54 fire protection districts or territories with total certified levies equal to \$17.8 M.

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the State Excise Police, Gaming Agent, and Conservation Enforcement Officers' Retirement Fund; Department of Natural Resources; Law Enforcement Training Academy.

Local Agencies Affected: Civil taxing units within a fire protection territory; municipalities with a Board-approved law enforcement training facility.

Information Sources: LOGODABA; Doug Todd of McCready & Keane, Inc., actuaries for PERF and the PERF-managed funds, 317-576-1508; Rusty Goodpaster, Director, Indiana Law Enforcement Training Academy; Micheal Crider, Department of Natural Resources; David Heath, Alcohol & Tobacco Commission.

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DEFINITIONS

Funded Status The ratio of the assets of a pension plan to its liabilities.

Funding A systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Actuarial Liability -The actuarial liability, sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability as that time over the value of its cash and investments.